

87TH CONGRESS
2^D SESSION

H. R. 10706

IN THE HOUSE OF REPRESENTATIVES

MARCH 13, 1962

Mr. OLSEN introduced the following bill; which was referred to the Committee on Post Office and Civil Service

A BILL

To amend the Civil Service Retirement Act so as to provide for increases in annuities, eliminate the option with respect to certain survivor annuities, and provide for interchange of credits between the civil service retirement system and the insurance system established by title II of the Social Security Act.

- 1 *Be it enacted by the Senate and House of Representa-*
- 2 *tives of the United States of America in Congress assembled,*
- 3 That the Civil Service Retirement Act is amended by redesign-
- 4 nating section 18 as section 21, and by inserting after section
- 5 17 the following new sections:

I—O

1 "INCREASES IN ANNUITIES

2 "SEC. 18. (a) Upon the first general adjustment in the
 3 rates of compensation of classified employees of the Govern-
 4 ment after the enactment of this section, the annuity of each
 5 annuitant (including survivor annuitants) whose annuity is
 6 payable from the fund and is based upon service which termi-
 7 nated before the effective date of such general adjustment
 8 shall be increased by a percentage determined by the Com-
 9 mission to be approximately equal to the average increase
 10 in rates of compensation resulting from such adjustment.

11 "(b) The annuity of each annuitant (including sur-
 12 vivor annuitants) whose annuity is payable from the fund
 13 and is based upon service which terminates during the period
 14 beginning on the effective date of the general adjustment
 15 referred to in subsection (a) and ending five years after
 16 such date shall be increased in accordance with the following
 17 table:

"If the annuity is based upon service which terminated—	The annuity shall be increased by the following percentage of the increase determined by the Commission under sub- section (a) :
Not more than 1 year after such date.....	80 per centum
At least one year but less than two years after such date.....	60 per centum
At least two years but less than three years after such date.....	40 per centum
At least three years but less than four years after such date.....	20 per centum
At least four years but not more than five years after such date.....	10 per centum

1 “(c) Effective on the first day of the first calendar
2 month which begins at least one year after the effective date
3 of the adjustment provided by subsection (a) and annually
4 thereafter, the annuity of each annuitant (including survivor
5 annuitants) receiving an annuity payable from the fund shall
6 be increased by a percentage equal to the percentage of in-
7 crease, if any, in the cost of living as determined by the
8 Commission on the basis of the Bureau of Labor Statistics’
9 Consumer Price Index for moderate income families in
10 large cities, since the last previous increase under this sec-
11 tion provided that such increase in the cost of living amounts
12 to at least 1 per centum. In computing any increase in
13 annuity under this subsection, there shall first be added to
14 the annuity any increase therein authorized by subsection
15 (a) or (b).

16 “(d) No increase shall be made under this section in
17 the portion of any annuity purchased by voluntary contri-
18 butions. The increase in the annuity of a retired employee
19 under this section shall be included in computing the amount
20 of the annuity of any survivor of such retired employee, but
21 no survivor annuity shall be increased under subsection (b)
22 in any case in which the annuity of the annuitant upon whose
23 service the survivor annuity is based received an increase

1 under subsection (a) or (b). Determinations by the Com-
2 mission under this section shall be final and conclusive and
3 shall not be subject to review.

4 "TRANSFER OF SOCIAL SECURITY CREDITS

5 "SEC. 19. (a) In determining length of service for the
6 purpose of computing the annuity under section 9 of any
7 employee or Member who—

8 "(1) retires upon or after attainment of age 62;

9 "(2) has at least one quarter of coverage under title
10 II of the Social Security Act, but is not a fully insured
11 individual (as defined in section 214 (a) of such Act) ;
12 such employee or Member, upon compliance with subsection
13 (c), shall be credited with 3 additional months of service
14 for each such quarter of coverage under such title.

15 "(b) The annuity under section 9 of any employee or
16 Member who—

17 "(1) retires prior to attainment of age 62;

18 "(2) has at least one quarter of coverage under
19 title II of the Social Security Act, but is not a fully in-
20 sured individual (as defined in section 214 (a) of such
21 Act) ;

22 shall, upon subsequent attainment of such age and compli-
23 ance with subsection (c) be recomputed so as to include
24 credit for 3 additional months of service for each such quar-
25 ter of coverage under such title.

1 “(c) No additional service shall be credited pursuant
2 to subsection (a) or (b) unless the employee or Member—

3 “(1) makes application for such credit at such time
4 and in such manner as the Commission shall by regula-
5 tion prescribe;

6 “(2) deposits in the fund an amount for each quar-
7 ter of coverage for which credit is requested equal to
8 the amount by which—

9 “(i) one-fourth of his average salary multiplied
10 by the rate of contribution under section 4 ap-
11 plicable on the last day of such quarter exceeds

12 “(ii) the amount of tax imposed by sections
13 3101 and 1401 of the Internal Revenue Code, by
14 sections 1400 and 480 of the Internal Revenue Code
15 of 1954, or prior provisions of law imposing taxes
16 with respect to employment for social security pur-
17 poses, as the case may be, with respect to his earn-
18 ings and self-employment income for such quarter.

19 “(d) No credit shall be allowed in the case of any em-
20 ployee or Member under this section for any quarter of
21 coverage if during any part of such quarter he performed
22 service which is credited, without regard to this section, for
23 the purpose of computing an annuity under this Act.

24 “(e) Service credited under this section shall be dis-

1 regarded in determining average salary and eligibility for
2 retirement for the purposes of this Act.

3 “(f) Any quarter of coverage credited to an employee
4 or Member under this section shall not thereafter be consid-
5 ered to be a quarter of coverage for purposes of the insurance
6 system established by title II of the Social Security Act.

7 “(g) In any case in which an employer or Member is
8 credited with service in accordance with this section, with
9 respect to any quarter of coverage, the Secretary of Health,
10 Education, and Welfare shall transfer from the Federal Old-
11 Age and Survivors Insurance Fund and Federal Disability
12 Insurance Trust Fund to the civil service retirement and
13 disability fund an amount equal to the amounts deposited
14 therein for such quarter by reason of the tax imposed by
15 sections 1401, 3101, and 3111 of the Internal Revenue Code
16 of 1954, by sections 480, 1400, and 1410 of the Internal
17 Revenue Code of 1939, or by prior provisions of law im-
18 posing taxes with respect to employment for social security
19 purposes, as the case may be.

20 “TRANSFER OF CIVIL SERVICE CREDITS

21 “SEC. 20. (a) In determining entitlement to, and the
22 amount of, any benefit payable under title II of the Social
23 Security Act upon the basis of the earnings or self-employ-
24 ment income of any individual who at the time application
25 is made for such benefit shall have performed less than five

1 years of service which is creditable under section 3, such
2 service shall be deemed, subject to subsection (b), to be
3 'employment' within the meaning of section 210 of the Social
4 Security Act, and such individual shall be deemed to have
5 received during such service 'wages' within the meaning of
6 section 209 of the Social Security Act in an amount equal to
7 the lesser of (1) the basic salary paid to him for such service,
8 or (2) the maximum yearly amount which may be consid-
9 ered as wages under section 209 of the Social Security Act.

10 " (b) No service shall be deemed to be 'employment'
11 under subsection (a) unless—

12 " (1) the individual performing such service so
13 elects at such time and in such manner as the Secretary
14 of Health, Education, and Welfare shall by regulation
15 prescribe, and

16 " (2) there is paid into the Federal Old Age and
17 Survivors Insurance Trust Fund and the Federal Dis-
18 ability Insurance Trust Fund amounts determined by
19 the Secretary to be equal to the amounts which would
20 have been paid into such funds by reason of the taxes
21 imposed by section 3101 of the Internal Revenue Code
22 of 1954, section 1400 of the Internal Revenue Code
23 of 1939, or prior provisions of law imposing taxes on
24 employees with respect to employment for social security
25 purposes, as the case may be, if such service had been

1 employment subject to such sections or such prior
2 provisions of law.

3 For the purpose of paying in whole or in part the amount
4 required by paragraph (2), such individual may, if he so
5 elects, cause to be transferred to such funds from the civil
6 service retirement and disability fund a sum equal to such
7 amount or equal to his lump sum credit, whichever is lesser,
8 and in such case the lump sum credit shall be reduced by
9 the amount so transferred. Whenever an individual referred
10 to in this subsection is deceased, any election which he
11 would be authorized to make under this subsection may be
12 made by any person who, upon application therefor, would
13 be entitled to a monthly benefit under title II of the Social
14 Security Act on the basis of the wages and self-employment
15 income of such individual. In any case in which service
16 is deemed to be employment in accordance with this section,
17 the Civil Service Commission shall transfer from the civil
18 service retirement and disability fund to the Federal Old
19 Age and Survivors Insurance Trust Fund and Federal Dis-
20 ability Insurance Trust Fund an amount determined by the
21 Secretary of Health, Education, and Welfare to be equal to
22 the amounts which would have been paid into such funds
23 by reason of the taxes imposed by section 3111 of the
24 Internal Revenue Code of 1954, section 1410 of the Inter-
25 nal Revenue Code of 1939, or prior provisions of law im-

1 posing taxes on employers with respect to employment for
2 social security purposes, as the case may be, if such service
3 had been employment subject to such sections or such prior
4 provisions of law.

5 “(c) Any service deemed to be ‘employment’ under this
6 section shall not thereafter be considered as service for the
7 purposes of any other section of this Act.”

8 SEC. 2. (a) Section 9(g) of the Civil Service Retirement Act is amended to read as follows:

10 “(g) The annuity as hereinbefore provided, for any em-
11 ployee or Member retiring under section 6, 7, or 8 who at
12 the time of retirement has a wife or a dependent husband,
13 or any such employee or Member who at the time of retire-
14 ment designates her husband (other than a dependent hus-
15 band) to receive an annuity after her death computed as
16 provided in section 10(a) (1), shall be reduced by $2\frac{1}{2}$ per
17 centum of so much thereof as does not exceed \$2,400 and
18 by 10 per centum of so much thereof as exceeds \$2,400.”

19 (b) Section 10(a) (1) of such Act is amended to read
20 as follows:

21 “(1) If a Member or employee dies after having
22 retired under any provision of this Act and is survived
23 by a wife or dependent husband to whom the Member
24 or employee was married at the time of retirement, or
25 by a husband designated under section 9(g), such wife

1 or husband shall be paid an annuity equal to 50 per
2 centum of an annuity computed as provided in sub-
3 sections (a), (b), (c), (d), (e), and (f) of section
4 9, as may apply with respect to the annuitant.”

5 SEC. 3. The amendments made by the first section, in-
6 sofar as they add a new section 19 to the Civil Service Re-
7 tirement Act, and the amendments made by section 2, shall
8 not apply in the case of employees retired or otherwise
9 separated prior to the date of enactment of this Act, and the
10 rights of such persons and their survivors shall continue in
11 the same manner and to the same extent as if these amend-
12 ments had not been enacted. Such amendments made by
13 the first section, insofar as they add a new section 20 to the
14 Civil Service Retirement Act, shall take effect upon the
15 date of enactment of this Act, but nothing contained in such
16 section 20 shall be construed to require the Secretary of
17 Health, Education, and Welfare to grant a recomputation
18 of any individual's monthly insurance benefit under title II
19 of the Social Security Act solely by reason of the enactment
20 of such section 20, if such individual is entitled to such benefit
21 for the month in which such section 20 is enacted.

ILLEGIB

87TH CONGRESS
2d Session

H. R. 10706

A BILL

To amend the Civil Service Retirement Act so as to provide for increases in annuities, eliminate the option with respect to certain survivor annuities, and provide for interchange of credits between the civil service retirement system and the insurance system established by title II of the Social Security Act.

By Mr. OLSEN

MARCH 13, 1962

Referred to the Committee on Post Office and Civil Service

Sus. 13 apr.

Joanie - Put H R 10706 on Watch List

Send copy to Personnel for comment

Send copy to Comptroller for comment✓

Send copy to DD/S for information.

Thank you,
Marie 4/4/62